

REMARKS

The preamble of Claim 1 is amended to recite a computer-implemented method. Claims 1-26 remain, with no claim previously allowed.

Claims 1-14 were rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter, namely, to a method of producing a disembodied data structure. The Applicants respectfully traverse this rejection, as possibly applied to amended Claims 1 et al.

Claim 1 now is limited to a computer-implemented method of reconciling a current central inventory record. Given that limitation added to the claims, the Applicants submit that the claims define statutory subject matter within the scope set forth by *State Street Bank v. Signature*, 47 USPQ2d 1596 (FedCir 1998). In that case, the Court held that transformation of data representing certain dollar amounts, by a machine through a series of mathematical calculations, was statutory subject matter. Accordingly, the rejection under 35 U.S.C. §101 should be withdrawn as to the amended claims.

Claims 1-6 and 14 stand rejected under 35 U.S.C. § 102(a) as anticipated by admitted prior art, as described in the background section of the specification on pages 1 and 2. The Applicants acknowledge that pages 1 and 2 of their specification mention certain bookkeeping practices. However, that admitted prior art does not include every element of the Applicants' method as combined in Claim 1, and for that reason the Applicants traverse the rejection.

In particular, the admitted prior art mentions the problem of maintaining an adequate inventory for each location of multiple-location inventory records. According to page 2, lines 20-24, the conventional approach is flawed because, among other

reasons, "the location assignment for the write-ons remains unresolved. Similarly, for write-offs, the location assignment for an instance to be deleted from the record is arbitrarily chosen, and disproportionate location assignments for a product may result."

In other words, location assignment for write-ons and write-offs of inventory, in the prior art, where unresolved or arbitrarily chosen, with negative results.

The present invention, as recited in Claim 1, includes elements addressing that problem mentioned in the admitted prior art. Thus, Claim 1 defines a method of reconciling inventory including a technique for providing a location assignment to each instance added by the count. That element includes "...detecting a shortage of instances of the count for the product type for the particular location assignment relative to a proportionate amount and providing the particular location assignment to one or more of the added instances". That procedure for location assignment is not merely an arbitrary choice, unlike the admitted prior art on page 2 of the specification. Accordingly, Claim 1 defines a method that is novel over the admitted prior art, and the rejection under 35 U.S.C. § 102 (a) should be withdrawn.

Claims 2-6 and 14 all depend from Claim 1, directly or indirectly, and those claims too are novel over the admitted prior art.

With further regard to Claim 2, that claim adds specific techniques for dealing with excessive instances of product count for a particular location assignment. This technique includes "removing one or more of the instances from the count for the product type having the particular location assignment [comprising] removing enough instances having the particular location assignment to equalize the number of instances having the particular location assignment with a number of instances having another location

assignment". This technique clearly is not anticipated by any admitted prior art on pages 1 or 2.

Dependent Claim 3 addresses the problem of detecting a shortage of instances of the count for a particular location assignment. The techniques recited in Claim 3 for solving that problem are not arbitrary and are not anticipated by the admitted prior art.

Dependent Claims 4, 5, and 6 add techniques for dealing with counts of products divided into new status, re-use status, and in-service status. These claims further recite elements for coordinating an excess or shortage determined to exist for each status by product type and by particular location assignment (Claim 5). Nothing in the admitted prior art addresses the elements added by the overall combinations of Claims 4-6, and those claims are, together with Claim 14 that depends from Claim 6, novel over the admitted prior art.

Claim 7-13 and 15-26 are rejected under 35 U.S.C. § 103(a) as being unpatentable over the admitted prior art, namely, the background section of the specification on pages 1 and 2. That rejection recognizes that the admitted prior art fails to include certain steps included in the method defined by the rejected claims, but asserts that those steps are well known to those skilled in the art. The Applicants respectfully traverse this rejection.

To begin with, Claims 7-13 depend, directly or indirectly, from Claim 1. These dependent claims thus lack at least one element recited in Claim 1 and discussed above, namely, the particular recited techniques for handling location assignment in response to excess or a shortage in count of the current central inventory record. The admitted prior art—which is the *only* prior art applied to any claim—provides no guidance or teaching to one of ordinary skill as to that technique, recited in Claim 1 and thus included in each

of Claims 7-13. For that reason alone, Claims 7-13 would not have been obvious over the admitted prior art.

Furthermore, the rejection based on obviousness cites no specific instance of art for any of the several elements added in the overall combinations of the rejected claims. In essence, these rejections assert that each claim element (alone and in the claimed combinations) not in the admitted prior art nonetheless would have been obvious to one of ordinary skill. With respect, the Applicants submit that the Examiner is exceeding the bounds permitted by Section 103 and, instead, is engaging in hindsight reconstruction of the prior art, element by element of the claims, in place of specific art that would have guided one of ordinary skill.

The Applicants do not dispute that techniques such as FIFO and LIFO are known for use in valuing inventory. However, they do not agree that the *overall combinations* defined by the rejected claims would have been obvious over the relatively sparse statements of the admitted prior art, merely because the accounting techniques mentioned by the Examiner are known in general. For these additional reasons, the Applicants traverse the rejections of Claims 7-13 and 15-26 under 35 U.S.C. § 103(a).

Turning to the independent system Claims 15 and 23, each claim comprises a process device configured to (among other things) reduce or add to the count of current inventory with regard to particular location assignments in a manner not disclosed in the admitted prior art. Dependent Claims 16 and 17 further specify the configuration of the processing device with respect to the particular location assignment for equalizing removal or addition of instances at particular location assignments. Nothing in the admitted prior art discloses or suggests those aspects of the systems in Claims 15 et al.

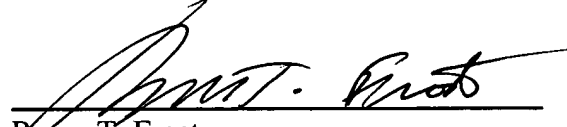
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and 23 et al. Given that lack of teaching in the admitted prior art, together with the absence of any other art applied to those claims, the Applicants respectfully submit that the rejections of Claims 15-26 as obvious over the applied art becomes speculative and should be withdrawn.

The foregoing is submitted as a complete response to the Office Action identified above. The Applicants submit that the present application is in condition for allowance and solicit a notice to that effect.

Respectfully submitted,

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